

NASHVILLE CIVIC DESIGN CENTER

FINANCIAL STATEMENTS

June 30, 2012 and 2011

NASHVILLE CIVIC DESIGN CENTER

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nashville Civic Design Center
Nashville, Tennessee

We have audited the accompanying statements of financial position of Nashville Civic Design Center (a nonprofit Organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Civic Design Center as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Fraser, Dean & Howard, PLLC

October 4, 2012

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 68,283	\$ 47,599
Accounts receivable	<u>18,582</u>	<u>60,499</u>
Total current assets	86,865	108,098
Furniture and equipment, net	<u>5,603</u>	<u>1,952</u>
Total assets	<u><u>\$ 92,468</u></u>	<u><u>\$ 110,050</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 24,250</u>	<u>\$ 12,804</u>
Total current liabilities	<u>24,250</u>	<u>12,804</u>
Net assets:		
Unrestricted	63,218	81,496
Temporarily restricted	<u>5,000</u>	<u>15,750</u>
Total net assets	<u>68,218</u>	<u>97,246</u>
Total liabilities and net assets	<u><u>\$ 92,468</u></u>	<u><u>\$ 110,050</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Grant revenue	\$ 186,708	\$ -	\$ 186,708
In-kind contributions	122,363	-	122,363
Special events	90,214	-	90,214
Contributions	46,317	35,260	81,577
Other	10,455	-	10,455
Membership dues	8,602	-	8,602
Net assets released from restrictions	<u>46,010</u>	<u>(46,010)</u>	<u>-</u>
Total public support and revenue	<u>510,669</u>	<u>(10,750)</u>	<u>499,919</u>
Expenses:			
Program services	342,216	-	342,216
Supporting services:			
General and administrative	115,881	-	115,881
Fundraising	<u>70,850</u>	<u>-</u>	<u>70,850</u>
Total expenses	<u>528,947</u>	<u>-</u>	<u>528,947</u>
Change in net assets	(18,278)	(10,750)	(29,028)
Net assets - beginning of year	<u>81,496</u>	<u>15,750</u>	<u>97,246</u>
Net assets - end of year	<u><u>\$ 63,218</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 68,218</u></u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Program revenue	\$ 243,147	\$ -	\$ 243,147
In-kind contributions	130,743	-	130,743
Special events	59,702	3,750	63,452
Contributions	29,953	12,000	41,953
Grant revenue	28,528	-	28,528
Membership dues	20,700	-	20,700
Other	11,597	-	11,597
	<u>524,370</u>	<u>15,750</u>	<u>540,120</u>
Total public support and revenue			
Expenses:			
Program services	283,621	-	283,621
Supporting services:			
General and administrative	114,541	-	114,541
Fundraising	76,825	-	76,825
	<u>474,987</u>	<u>-</u>	<u>474,987</u>
Total expenses			
Change in net assets	49,383	15,750	65,133
Net assets - beginning of year	<u>32,113</u>	<u>-</u>	<u>32,113</u>
Net assets - end of year	<u>\$ 81,496</u>	<u>\$ 15,750</u>	<u>\$ 97,246</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes (includes in-kind salaries of \$45,161)	\$ 161,625	\$ 66,197	\$ 37,345	\$ 265,167
Employee benefits (includes in-kind benefits of \$28,817)	22,291	8,106	3,377	33,774
Total compensation	183,916	74,303	40,722	298,941
Professional fees	53,936	18,155	-	72,091
Office rent (includes in-kind rent of \$45,970)	46,375	8,695	2,898	57,968
Publications	30,596	306	102	31,004
Fundraising event costs	-	-	25,466	25,466
Telecommunications	6,689	1,254	418	8,361
Meetings (includes in-kind of \$1,649)	7,700	431	-	8,131
Other	2,504	4,490	833	7,827
Equipment lease and maintenance (includes in-kind of \$766)	5,467	846	269	6,582
Insurance	-	3,638	-	3,638
Parking	1,690	2,065	-	3,755
Office supplies	1,483	278	93	1,854
Professional development and dues	939	1,360	49	2,348
Marketing	384	-	-	384
Total expenses before depreciation	341,679	115,821	70,850	528,350
Depreciation	537	60	-	597
Total expenses	<u>\$ 342,216</u>	<u>\$ 115,881</u>	<u>\$ 70,850</u>	<u>\$ 528,947</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	Program Services	Supporting Services		Total Expenses
		General and Administrative	Fundraising	
Salaries and payroll taxes (includes in-kind salaries of \$57,816)	\$ 118,836	\$ 62,364	\$ 39,647	\$ 220,847
Employee benefits	5,680	2,065	861	8,606
Total compensation	124,516	64,429	40,508	229,453
Professional fees	83,361	30,622	-	113,983
Office rent (includes in-kind rent of \$45,970)	46,376	8,696	2,898	57,970
Fundraising event costs (includes in-kind gift of \$1,957)	-	-	31,313	31,313
Other	6,396	2,528	1,370	10,294
Equipment lease and maintenance	5,792	877	263	6,932
Telecommunications	5,338	1,001	334	6,673
Meetings	6,249	223	-	6,472
Insurance	-	3,872	-	3,872
Parking	1,215	1,485	-	2,700
Office supplies	2,125	398	133	2,656
Professional development and dues	1,028	41	-	1,069
Taxes and licenses	-	231	-	231
Publications	106	20	6	132
Marketing	60	-	-	60
Total expenses before depreciation	282,562	114,423	76,825	473,810
Depreciation	1,059	118	-	1,177
Total expenses	<u>\$ 283,621</u>	<u>\$ 114,541</u>	<u>\$ 76,825</u>	<u>\$ 474,987</u>

See accompanying notes.

NASHVILLE CIVIC DESIGN CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (29,028)	\$ 65,133
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	597	1,177
Changes in operating assets and liabilities:		
Accounts receivable	41,917	(16,601)
Accounts payable and accrued expenses	<u>11,446</u>	<u>(36,239)</u>
Net cash provided by operating activities	<u>24,932</u>	<u>13,470</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(4,248)</u>	<u>(1,070)</u>
Net cash used in investing activities	<u>(4,248)</u>	<u>(1,070)</u>
Net increase in cash and cash equivalents	20,684	12,400
Cash and cash equivalents - beginning of year	<u>47,599</u>	<u>35,199</u>
Cash and cash equivalents - end of year	<u><u>\$ 68,283</u></u>	<u><u>\$ 47,599</u></u>

See accompanying notes.

**NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business and Nature of Activities

Nashville Civic Design Center (the “Organization”) is a non-profit Organization founded in 2000 and located in Nashville, Tennessee. The Organization is dedicated to elevating the quality of Nashville’s built environment and promoting public participation in the creation of a more beautiful and functional city for all. The Organization also provides a central source of technical advice for the design of livable, vital urban spaces in Nashville and serves as a community resource for education and advocacy of these issues. The Organization’s biggest project to date is the creation of the *Plan of Nashville*, a community-based, fifty-year vision for the city of Nashville.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets at June 30, 2012 and 2011.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Income Taxes

Nashville Civic Design Center is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization follows Financial Accounting Standards Board Accounting Standards Codification guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2009 through 2012.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash and investment instruments with original maturities when purchased of three months or less to be cash equivalents.

Furniture and Equipment

Furniture and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing straight-line and accelerated methods over the estimated useful lives of the respective assets (ranging from three to seven years). The Organization's policy is to capitalize any expenditures over \$250 that are capital in nature. Expenditures for repairs and maintenance are charged to expense as incurred.

Advertising

Advertising costs are charged to expense as incurred. Advertising expense totaled \$384 and \$60 for the years ended June 30, 2012 and 2011, respectively.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based upon the estimates of management.

Subsequent Events

The Organization evaluated subsequent events through October 4, 2012, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 2 – FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following as of June 30:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 53,146	\$ 60,301
Less: accumulated depreciation	<u>(47,543)</u>	<u>(58,349)</u>
	<u>\$ 5,603</u>	<u>\$ 1,952</u>

NOTE 3 – UNIVERSITY OF TENNESSEE PAYABLE

During the 2011 fiscal year, the Organization received services from a University of Tennessee employee. The Organization committed to pay a portion of the employee's salary directly to the University of Tennessee. The balance due under this agreement totaled \$36,000 as of June 30, 2010, and was included in accounts payable and accrued expenses in the 2010 statement of financial position. During fiscal year 2011, this liability was reduced by a \$25,000 in-kind contribution. A monthly payment of \$917 was paid to the University of Tennessee to satisfy the remaining balance of \$11,000.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2012</u>	<u>2011</u>
Design Your Neighborhood	\$ 5,000	\$ 12,000
Celebrating the Plan 2011	<u>-</u>	<u>3,750</u>
	<u>\$ 5,000</u>	<u>\$ 15,750</u>

NOTE 5 – OPERATING LEASES

The Organization leases office space under an agreement that expired May 2010 and has been extended under similar terms on a month-to-month basis. Total rent payments were \$12,000 for the years ended June 30, 2012 and 2011, respectively. The office space is rented from a contributor at a rate below market. The Organization recognized \$45,970 for the years ended June 30, 2012 and 2011, respectively, as in-kind rent.

NOTE 6 – IN-KIND CONTRIBUTIONS AND EXPENSES

The Organization received in-kind contributions as follows during the years ended June 30:

	<u>2012</u>	<u>2011</u>
Employee salaries and benefits	\$ 73,978	\$ 57,816
Office rent below market value	45,970	45,970
Goods and services	2,415	1,957
Event sponsorship	<u>-</u>	<u>25,000</u>
	<u>\$ 122,363</u>	<u>\$ 130,743</u>

NOTE 7 – CONCENTRATIONS

The Organization receives a significant amount of its public support and revenue from government grants. The Organization also had a substantial amount of in-kind contributions. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and services.

NASHVILLE CIVIC DESIGN CENTER
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 8 – FUNDRAISING

The following is a summary of fundraising contributions received and expenses incurred for each major fundraising activity for the year ended June 30:

		2012		
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>	
Living the Plan	\$ 88,210	\$ 19,459	\$	68,751
Other	<u>2,004</u>	<u>6,007</u>		<u>(4,003)</u>
	<u>\$ 90,214</u>	<u>\$ 25,466</u>	<u>\$</u>	<u>64,748</u>
		2011		
	<u>Contributions</u>	<u>Expenses</u>	<u>Net</u>	
Living the Plan	\$ 60,949	\$ 23,303	\$	37,646
Other	<u>2,503</u>	<u>8,010</u>		<u>(5,507)</u>
	<u>\$ 63,452</u>	<u>\$ 31,313</u>	<u>\$</u>	<u>32,139</u>